No.86-534

Supreme Court, U.S.
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IN THE

Supreme Court of the United States

OCTOBER TERM, 1986

CBS INC.,

Petitioner,

vs.

MOLECULON RESEARCH CORPORATION,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PETITIONER'S REPLY BRIEF

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Petitioner CBS Inc. hereby replies to the arguments raised in respondent's brief in opposition to the petition of CBS.

JUSTIFICATION FOR THE WRIT UNDER RULE 17

Respondent states that petitioner has failed to identify "special" or "important" reasons under Rule 17 why this Court should review on a writ of certiorari. To the contrary petitioner has shown that the decisions below conflict with this Court's public

use decision in *Egbert v. Lippmann* 104 U.S. 333 (1881) and that if *Egbert* does not control this case the defense of public use will have been unjustly eroded.

In addition petitioner has shown that the precedents governing claim interpretation in the Court of Appeals for the Federal Circuit are inconsistent with respect to whether structural limitations from the patent specification may be read into claims to save them from invalidity. Judge Edward S. Smith of the Court of Appeals for the Federal Circuit has warned that unless this precise inconsistency is resolved the uniformity sought by the Federal Courts Improvement Act of 1982 is in jeopardy. *SSIH Equipment S.A. v. U.S. Intern. Trade Comm'n.*, 718 F.2d 365, 389 (Fed. Cir. 1983)

Finally petitioner has shown that the Court of Appeals for the Federal Circuit has disregarded this Court's directives in *DeMarco v. United States*, 415 U.S. 449 (1974) and *Pullman-Standard v. Swint*, 456 U.S. 273 (1982) and has made improper fact findings at the appellate level concerning the Citation of Prior Art.

There are no more "special" or "important" reasons for this Court to grant a writ of certiorari.

THE ISSUES PRESENTED ARE FINAL AND POTENTIALLY DISPOSITIVE

Respondent has argued that because damages and infringement of Claims 3-5 under the Doctrine of Equivalents remain to be litigated this Court should not review the holding below as to validity of the Nichol's patent in suit. The argument is without merit.

The issues of public use and obviousness raised here by petitioner are final and potentially dispositive of this case. If, for example, this Court decides that the issues raised by the undisputed facts in this case are resolved by *Egbert* in favor of petitioner then the patent in suit will be invalid for public use under 35 U.S.C. §102(b) and there will be no need either for a second trial on remand as to infringement or for a third trial which

would be limited to the question of damages. The parties will have been spared the potentially extraordinary inconvenience here of conducting three trials, with attendant appeals, before seeking any review by this Court.

The question of improper claim interpretation raised by petitioner is also potentially dispositive since, properly construed, Claims 3-5 would be held invalid under 35 U.S.C. §103. This Court could so hold, but even if there were a remand for consideration under 35 U.S.C. §103 of properly construed claims this case would thereby be more effectively and efficiently managed than to deny review now.

Finally, the district court could, on remand, dispose of this case by construing the Citation of Prior Art to bar by estoppel the application of Claims 3-5 to the Rubik's 3x3x3 and 4x4x4 puzzles. Review now by this Court of the appellate court's fact finding concerning the Citation could facilitate the resolution of this case.

THERE WAS PUBLIC USE OF NICHOLS' INVENTION UNDER EGBERT V. LIPPMANN

Contrary to Respondent's arguments *Egbert* was decided precisely to foreclose what actually happened in the present case. Under *Egbert* inventors are not rewarded for dilatory behavior or for allowing friends and colleagues to see their invention, use it and take it home where they show it to other people. In *Egbert* the inventor Barnes let his lady friend use his invention, disclosed it to a male friend and delayed in filing his application until the commercial signposts were auspicious. Similarly the long delay by Nichols in filing his application after his unrestricted disclosures to schoolmates, colleagues and friends and the giving of his puzzle to Obermayer to take home for commercial evaluation enables him now to attempt to cash in on the remarkable success of Rubik's Cube, a success in which he played no supporting role whatsoever. Under *Egbert*, inventors are required to place confidentiality restrictions on transfers of the invention, even to intimate friends. The decisions here below, in contrast, permit inventors to disclose their inventions to friends

and colleagues and let people take the invention home and show it to others without restriction thereby potentially setting in motion events leading to commercialization without any requirement to file an application for patent until the optimal moment. This would not be permitted under *Egbert* and this Court should reaffirm *Egbert*.

Respondent attempts to distinguish *Egbert* but ignores this Court's express holding. For example respondent emphasizes that eleven years elapsed between the transfer of the prototype corset steels to Barnes' girlfriend and the date that Barnes applied for his patent (Resp. brief p. 10). However, this Court held in *Egbert* that if the invention "is in public use or on sale prior to that time [two years before his application as permitted by statute at the time] it will be conclusive evidence of abandonment, and the patent will be void". *Egbert*, 104 U.S. at 337. Thus it is only necessary that the public use exceed the statutory limit, now one year, for a patent to be invalid.

Respondent emphasizes that in *Egbert* the inventor showed it to two people, his woman friend and a friend named Sturgis (Resp. brief p. 10). But in *Egbert* this Court said:

> We remark, secondly, that, whether the use of an invention is public or private does not necessarily depend upon the number of persons to whom its use is known. *Ibid* at 336.

Respondent emphasizes that the invention had gone into almost universal use prior to the application (Resp. brief p. 11). But in *Egbert* this Court said:

> We observe, in the first place, that to constitute the public use of an invention it is not necessary that more than one of the patented articles should be publicly used. *Ibid*. at 336.

The central point is that Nichols transferred the prototype puzzle without restrictions to Obermayer who then took it home with Nichols' consent (Resp. brief p. 10) and showed it to his

wife (Pat. App. A, p. A66, 67). Nichols imposed no obligation of secrecy — in fact he did not impose restrictions of any kind. The invention was complete at the time and Obermayer could have and did exhibit it to a third person, his wife, without violating any restrictions of any type. The actions of Nichols and Obermayer undertaken with respect to the wooden prototype constitute a clear public use under *Egbert*.

The lower courts' decisions on this federal question of public use are in conflict with *Egbert* and this Court should exercise its discretion and grant the writ requested.

THE LOWER COURTS INCORRECTLY INTERPRETED CLAIMS 3-5 IN DECIDING THEY WOULD NOT HAVE BEEN OBVIOUS

Respondent asserts that CBS has mislead this Court concerning the lower courts' basis for upholding Claims 3-5. Respondent is demonstrably incorrect.

CBS has not argued that the lower courts improperly read "advantages" into Claims 3-5. The point is that Claims 3-5 do not recite the *structure* necessary to give rise to those advantages which were relied upon by the courts below to support validity. This is easily demonstrated.

Claim 3 calls for a "preselected pattern". Claim 3 does *not* call for the use of six colors to form that pattern. Respondent would have the courts read into Claim 3 a structural limitation found in the "Abstract" i.e., "one distinct color on each of the six faces" of the cube. (Resp. brief p. 14). This is what the lower courts did and it is exactly the approach that troubled Judge Smith of the Court of Appeals for the Federal Circuit as set forth in his dissent in *SSIH Equipment SA*, 718 F.2d at 383. Judge Smith pointed out that while a "majority" of courts do not "go beyond the language of the claim to the specification to save a claim from invalidity" (*Id.* at 385, ftnte. 3) there is clear Court of Claims precedent for a "minority" rule which supports "reference to the specification in order to save a claim" *Id.* at 386. This inconsistency troubled Judge Smith. He wrote:

> ...Rather than allow the issue to slip silently into the backwaters of the law, I write to ventilate the issue of claim interpretation raised by these precedents ...
>
> The court's failure to reject or even to grapple with, the 'minority' rule in this case, however, leaves two sets of rules governing claim interpretation in the body of precedent of the Federal Circuit — a situation far more damaging to predictability than the consistent application of the more subjective rule. *Id.* at 389.

This Court should grant the writ requested in this case to resolve the foregoing inconsistency in the Federal Circuit precedent which, in the present case, has simply been perpetuated.

THIS COURT SHOULD REMAND FOR FINDINGS ON THE CITATION OF PRIOR ART.

Respondent has argued that the district court in effect did make findings concerning the Citation of Prior Art because the Citation was "the subject of a stipulation". The stipulation to which respondent refers was as follows:

> On May 24, 1982 prior to the commencement of this lawsuit, Moleculon filed in the United States Patent and Trademark Office its "Citation of Prior Art", commenting on the subject matter of two prior art patents to one Gustafson, namely, U.S. patent 3,081,089 and Japanese patent 38-l0669.

This is simply a stipulation which identifies the Citation, and contains nothing of substance. It is certainly not a stipulation which goes to the interpretation or significance of the Citation, and the district court made no such finding even though the Citation was referred to in the Pretrial Order and was argued to the court in post-trial argument. There is no question that the Federal Circuit improperly made its own findings concerning the meaning and significance of the Citation.

CBS's Petition for a Writ of Certiorari should be granted.

Respectfully submitted,

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